

NSC BRIEFING

13 February 1958

INDONESIA

- I. Colonel Hussein's 10 February broadcast demanding that Djuanda cabinet resign within five days was rejected following day by Djakarta.
- II. Djakarta countered demands by announcing dishonorable discharge and orders for arrest of dissident colonels Hussein, Djambe, Simbolon and Lubis.
- III. If dissidents stick to earlier plans, they will react to Djakarta's activities by setting up rival government.
 - A. Dissidents, however, are split over question of next move and two key figures, Colonels Simbolon and Lubis, are reliably said to have little hope of pushing their original plan to form a provisional government.
 - B. Dissidents do not have strong support outside Central Sumatra, where Hussein is commander.
 1. Lt. Col. Barlian in South Sumatra has cooperated extensively with dissidents but does not want to participate in rival government and is attempting to stay neutral.
 2. Support from North Sumatra would be highly uncertain; most officers there probably will be either neutral or pro-govt.
 - C. North Celebes probably would voice sympathy, but two areas are too far apart for effective cooperation.
- IV. Djakarta may be already planning to exploit the dissidents' disunity.
 - A. According to one report Djakarta may send limited number of troops to areas where foreign economic interests are

V. A period of political and military maneuvering is probable with all factions seeking to avoid violence.

1/10/68
VI. However, isolated incidents, possibly leading to localized conflict, could occur.

VI. President Sukarno is expected to return to Djakarta by 16 February.

A. Formation of new cabinet or reshuffle of present one after Sukarno's return is possibility.

B. National Party leaders plan to recommend new cabinet led by former vice president Hatta, but if Sukarno refused they will ask that he at least drop two leftist ministers from present cabinet.

VII. Former vice president Hatta, to whom dissidents and non-Communists generally have looked to guide them out of present economic and political confusion, has stated he does not want to participate either in rival government or in new Djakarta cabinet.

A. Hatta apparently feels Indonesia's problems are so great he is unwilling to participate in a government for time being.

VIII. Indonesian Communists can be expected to support central government's moves against dissidents to fullest extent.

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BACKGROUND PIECE ON SUMATRAN OIL

I. Production

Caltex 180,000 b/d

Stanvac 64,000 b/d

Dutch Shell 70,000 b/d
(South Sumatra)

U.S. companies' production + shipment of oil has not been hindered.
**II. 80% of royalties of US companies being paid to Djakarta,
remaining 20% go into escrow.**

**III. Prior to recent trouble, 25% of value of Indonesian exports
from oil. Of this, 85% came from Sumatra.**